

U.P.PURVA SAINIK KALYAN NIGAM LTD.

U.P. Government Undertaking



BALANCE SHEET

2018-2019



INDEPENDENT AUDITORS' REPORT

To the members of
UP Purva Sainik Kalyan Nigam Limited

Report on the Financial Statements

We have audited the accompanying financial statements of UP Purva Sainik Kalyan Nigam Limited ("the Company") which comprise the Balance Sheet as at 31 March 2019, the statement of Profit and Loss, the cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement and for Internal Financial Control over Financial Reporting

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act as applicable. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding for the assets of Company and for preventing and detecting the frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement. Whether due to fraud or error.

The Company's management is responsible for establishing and maintaining internal financial controls based on the "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of



assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act and the Guidance Note on audit of Internal Financial Controls over Financial Reporting. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement and whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements and adequacy of the internal financial controls over financial reporting and their operative effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error in making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements and qualified opinion on Company's internal financial controls over financial reporting.



Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail accurately and fairly reflect the transactions and disposition of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statement in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitation of Internal Financial Controls Over Financial Reporting

Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations give to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2019;
- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



Emphasis of Matter

We draw attention to the following matters in the notes to the financial Statements:

- a. The balances of sundry creditors, sundry debtors, loans and advances, security deposits, earnest money are subject to confirmation / reconciliation and subsequent adjustments, if any. The impact, if any, of adjustments arising on such reconciliation and confirmation of balances is unascertainable. (Refer Note "32 to the financial statement).
- b. The company has not made provision for leave encashment on the basis of actuarial valuation as required by AS-15 (Revised) "Employee Benefits" issued by the Institute of Chartered Accountants of India. The amount of difference between amount provision and amount as per actuarial valuation has not been ascertained. (Refer Note Nos. 2(i) and "5" to the Financial Statements.)
- c. Employer's contribution towards Provident Fund in respect of field staff is not accounted as expenditure and the amount is reversed from revenue from services for the year. This has no impact on profit of the Company. (Refer Note. "18(C) to the Financial Statements.)
- d. Advance to Employee in Short Term Loans and Advances include Rs. 63.30 Lac (Previous Year: Rs. 94.20 Lac) towards amount recoverable from field staff for uniform distributed. The Company has not ascertained the amount not recoverable if any and provision for bad and doubtful advances has not been made in accounts. In absence of relevant details, its impact on Profit for the year could not be ascertained. (Refer Note. "14" to Financial Statements).
- e. The cost of uniform is charged from concerned staff and the cost of undistributed uniform is disclosed under current assets in the financial statements and not treated as stock /inventory.(Refer Note No. 15 to the Financial Statement).
- f. The Company under spent a sum of Rs.65,31,391/- towards Corporate Social Responsibility activities out of profits for the year. Cumulative up-spent amount of CSR funds as on 31.03.2019 is Rs. 2,55,07,945.00 (Refer Note No. '31' to the Financial Statements).

Our Opinion is not modified in respect of these matters.

Report on other Legal and Regulatory Requirements

1 As required by the Companies (Auditors Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4of the Order to extent applicable.



2 As per directions issued by the Comptroller and Auditor General of India under section 143(5) of the Companies Act, 2013 we give in the **Annexure 'B'** our observations and other information asked in the said directions.

3 As required by section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read the Rule 7 of the Companies (Accounts) Rules, 2014.
- e. In terms of Notification No.GSR463(E) dated 05-06-2015 issued by the Ministry of Corporate Affairs, Government of India, the Provisos of Section 164(2) of the Company Act, 2013 are not applicable to the Company.
- f. According to the information and explanations given to us and based on our audit, the following material weaknesses in internal financial control over financial reporting have been identified as at March 31st, 2019,
 - Internal control systems for monitoring of dues and reconciliation of balances in accounts with books of accounts of debtors and confirmation of balances requires to be strengthened.

In our opinion considering nature of business, size of operation and organizational structure of the entity, except for the effects/possible effects of reported points described above on the achievement of the objectives of the control criteria, the company has maintained, in all material respects adequate internal financial controls over financial reporting and such internal financial control over financial controls over financial reporting were operating effectively as of March 31,2019, based on the Internal control over financial criteria established by the Company considering the essential components of internal control over financial criteria establishment by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountant of India.

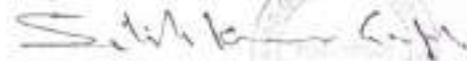


We have considered the improvement points identified and reported above in determining the nature timing, and extent of audit tests applied in our audit of March 31, 2019, financial statements of the company, and these material weaknesses do not affect our opinion on the financial statement of the Company.

g. With respect to the other matters included in the Auditor's Report and to our best of our information and according to the explanations given to us:

- i. The company has disclosed the impact of pending litigations on its financial statement- Refer Note No. '22' and '23' to the financial statements.
- ii. The Company did not have any long term contracts including derivatives contracts for which there were any material foreseeable losses.
- iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Gaur & Associates
Chartered Accountants
FRN NO: 005354C



S.K.Gupta
(Partner)
M.No. 016746

Place: Delhi
Date: 13 JAN 2020

UDIN-20016746AAAAAG4931

Annexure "A" to the Auditors' Report

(Refer to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report to the members of UP Purva Sainik Kalyan Nigam Limited ("the Company") for the year ended 31 March 2019)

On the basis of such checks as we considered appropriate and according to information and explanation given to us during the course of our audit, we state that:

1. In respect of its fixed assets:
 - a. The Company has maintained fixed assets register showing full particulars, including quantitative details and situation of fixed assets.
 - b. The fixed assets have been physically verified by the management during the year and according to the information and explanations given to us, the programme of verification in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No discrepancy between the books of account and the physical verification of fixed assets was noticed.
 - c. The title deeds of immovable properties of the company owing the property are held in the name of the company.
2. As the Company has no inventory. Accordingly, provision of clauses (ii) of the paragraph 3 of the order are not applicable.
3. The Company has not granted any loans, secured or unsecured, to Companies firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, provision of clauses (iii) (a), (iii)(b) and (iii) (c) of the paragraph 3 of the Order are not applicable.
4. The Company has not granted any loans or made any investments Or given any guarantees and security, where provisions of section 185 and 186 of the Companies Act 2013 are applicable. Hence, the Provisions of clause (iv) of the paragraph 3 of the Order are not applicable.
5. The Company has not accepted deposits. Hence, the provisions of Clause (v) of the paragraph 3 of the order are not applicable.



6. The Central Government has not prescribed maintenance of cost records under Section 148(1) of the Act for the activities carried on by the Company. Hence, the provision of clause (vi) of the paragraph 3 of the Order are not applicable.
7. a According to the information and explanation given to us, the Company is regular in depositing with appropriate authority Undisputed statutory dues in respect of provident fund, employees' state insurance, income tax and service tax. The provision of investor education and protection fund, Good and Service Tax, Wealth Tax, Custom duty, excise duty, cess and other statutory dues are not Applicable to the company. The particulars of undisputed statutory dues provident fund and other statutory dues which were outstanding as at 31st March, 2019 for a period exceeding six month from the date they become payable are as under;

| Nature of demand | Relevant financial year | Amount outstanding for a period exceeding six months (INR) |
|------------------|-------------------------|---|
| Provident Fund | 2013-14 | 4864 |

b. According to the information and explanations given to us and verification of the records of Company, there are no amounts in respect of Income tax, Customs Duty, Wealth Tax, Excise Duty, Cess which have not been deposited with appropriate authorities on account of any dispute as at 31st March, 2019.

8. The Company has not availed any loans or borrowing from financial institution, bank, Government or debenture holders during the year. Accordingly, the paragraph 3 (viii) of the order is not applicable.
9. The Company has not raised any money by way of initial public offer Or (including debt instruments) and term loans during the year. Accordingly, the paragraph 3(ix) of the Order is not applicable.
10. During the course of our audit of the books and records of the Company, carried out in accordance with the Generally Accepted Auditing Practice in India and according to the information and explanations give to us , we have neither come across any instance of fraud by or on the Company by its officers or employees, noticed or reported during the year, nor have been informed of such cases by the Management.



11. The Company has paid or provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 and /or Schedule V of the Companies Act, 2013.
12. The Company is not a Nidhi Company, Hence , the provisions of clause (xii) of the paragraph 3 of the Order are not applicable.
13. That all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statement etc. as required by the applicable accounting standards.
14. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of clause (xiv) of the paragraph 3 of the Order are not applicable.
15. The Company has not entered into any non-cash transactions with directors or persons connected with them. Hence, the provisions of clause (xv) of the paragraph 3 of the Order are not applicable.
16. The Company is not required to be registered under section 45IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause (xvi) of the paragraph 3 of the Order are not applicable.

For Gaur & Associates
Chartered Accountants
FRN NO: 005354C


S.K.Gupta
(Partner)

M.No. 016746

Place: Delhi
Date: 3 JAN 2020

UDIN-20016746AAAAG4931

Annexure "B" to the Auditors' Report

REPORT ON DIRECTONS UNDER SECTION 143(5) OF COMPANIES ACT, 2013 IN RESPECT OF U.P. PURVA SAINIK KALYAN NIGAM LIMITED FOR THE YEAR ENDED 31st MARCH, 2019.

(Note: The questions are written in italics and our observations are written in straight)

(1) Whether the company has clear title/ lease deeds for freehold and leasehold respectively ? If not please state the area of freehold and leasehold land for which title/ lease deeds are not available?

The Company has 06 freehold and 1 leasehold lands. Except the title deed of 03 freehold lands acquired during the year, which were executed in the next financial year, the company has clear Title/lease deeds for all free hold and leasehold lands.

(2) Whether there are any cases of waiver/ write off of debts/loans/interest etc, if yes, the reasons there for and amount involved.

No

(3) Whether proper records are maintained for inventories lying with third parties and assets received as gift/ grants(s) from Government or other authorities.

The Company has no inventory lying with third parties and assets received as gift from the Government or other authorities.
Specific Sub-directions under Section 143(5) of the Companies Act, 2013

(4) Whether the Company has an effective system for recovery of dues in respect of its sale activities and the dues outstanding and recoveries there against have been properly recorded in the books of accounts?

The company has recovery system of dues in respect of its service rendered and recoveries are properly recorded in book of account. The reconciliation of balances in accounts with books of accounts of debtors is not done and confirmation of balances are not obtained.

(5) If the audited entry has computerized its operation or part of it, assess and report, how much of the data in the company is in electronic format, which of the area such as accounting, sales personal information, pay roll inventory etc. have been computerized and the company has evolved proper security policy for data. Software/hardware?



The accounts payroll and billing are computerized and security policy for data an software has been prepared. Periodical backup of accounting data in Tally software is taken on external hard disk.

(6) Comment on the confirmation of balances of trade receivable trade payables, term deposits, bank accounts and cash obtained.

The confirmation for balances of cash in hand and balances with bank are taken but balance in accounts of trade receivables and trade payables are not confirmed.

For Gaur & Associates,
Chartered Accountants
FRN NO: 005354C



S.K.Gupta
(Partner)
M.No. 016746



Place: Delhi
Date: 13 JAN 2020

UDIN-20016746AAAAAG4931

U.P. PURVA SAINIK KALYAN NIGAM LIMITED

BALANCE SHEET AS AT MARCH 31, 2019

| | Note No. | As at 31.03.2019 Rupees | As at 31.03.2018 Rupees |
|--------------------------------------|----------|-------------------------------|-------------------------------|
| <u>EQUITY AND LIABILITIES</u> | | | |
| SHAREHOLDERS' FUNDS | | | |
| Share Capital | 3 | 42,54,000 | 42,54,000 |
| Reserves and Surplus | 4 | 3,23,70,80,891 | 2,69,02,42,368 |
| NON-CURRENT LIABILITIES | | | |
| Long Term Provisions | 5 | 12,19,123 | 10,36,479 |
| CURRENT LIABILITIES | | | |
| Other Current Liabilities | 6 | 81,41,23,358 | 70,42,66,422 |
| Short Term Provisions | 7 | 5,19,573 | 7,68,000 |
| Total | | 4,05,71,96,945 | 3,40,05,67,269 |
| <u>ASSETS</u> | | | |
| NON-CURRENT ASSETS | | | |
| Fixed Assets | | | |
| Tangible Assets | 8 | 34,53,22,568 | 30,08,55,885 |
| Intangible Assets | | 2,74,637 | 4,90,644 |
| Capital Work-in-progress | | 7,000 | 3,94,43,129 |
| Non-Current Investments | 9 | - | - |
| Long-term Loans and Advances | 10 | 4,55,54,539 | 4,32,70,262 |
| Other Non-current Assets | 11 | 2,63,250 | 2,63,250 |
| CURRENT ASSETS | | | |
| Trade Receivables | 12 | 1,24,59,42,335 | 1,06,94,10,678 |
| Cash and Cash Equivalents | 13 | 2,24,01,32,143 | 1,81,30,62,165 |
| Short-term Loans and Advances | 14 | 12,72,70,022 | 8,58,46,732 |
| Other Current Assets | 15 | 5,24,30,452 | 4,79,24,524 |
| Total | | 4,05,71,96,945 | 3,40,05,67,269 |

Significant Accounting Policies

2

Accompanying notes are integral part of the financial statements

For and on behalf of the Board

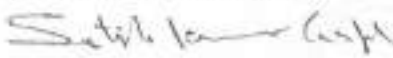
In terms of our report on even date


A.K. Srivastava
Accounts Officer


Lt. Col. S. Negi (Retd.)
Asstt. General Manager


Brig. Ravindra
Director


Chandra Kumar
IAS
Managing Director



Satish Kumar Gupta
ICAI Mem. No. 016745
Partner
for and on behalf of
Gaur & Associates
Chartered Accountants
ICAI Reg. No. 052540

DELHI
13 JAN 2020

U.P. PURVA SAINIK KALYAN NIGAM LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

| | Note No. | 2018-19 Rupees | 2017-18 Rupees |
|--|----------|-----------------------|-----------------------|
| REVENUE | | | |
| Revenue from operations | 16 | 4,45,66,09,954 | 3,90,20,93,652 |
| Other Income | 17 | 13,07,70,874 | 11,40,69,268 |
| Total Revenue | | 4,58,73,80,828 | 4,01,61,62,920 |
| EXPENDITURE | | | |
| Employee benefits expense | 18 | 3,98,69,27,255 | 3,46,91,57,174 |
| Depreciation and amortization expense | 19 | 60,21,968 | 56,93,503 |
| Other expense | 20 | 4,73,36,660 | 5,04,65,274 |
| Total Expenses | | 4,04,02,85,884 | 3,52,53,15,952 |
| Profit Before Tax and Exceptional Items | | 54,70,94,944 | 49,08,46,969 |
| Exceptional Items | | - | - |
| Profit Before Tax | | 54,70,94,944 | 49,08,46,969 |
| Tax expense | | | |
| Current tax | | - | - |
| Deferred tax | | - | - |
| Profit After Tax | | 54,70,94,944 | 49,08,46,969 |
| | | | |
| Basic and Diluted Earnings per equity share | 21 | 12,861 | 11,538 |
| Significant Accounting Policies | 2 | | |
| Accompanying notes are integral part of the financial statements | | | |

For and on behalf of the Board

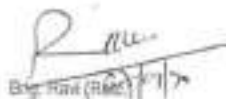
In terms of our report on even date



A. K. Srivastava
Accounts Officer



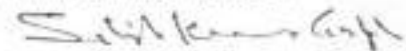
Lt. Col. S. Negi (Retd.)
Asst. General Manager



Brig. Ravi (Retd.)
Director



Dharam Kumar
IAS
Managing Director



Salish Kumar Gupta
(ICAI Mem. No. 016746)
Partner
for and on behalf of
Gaur & Associates
Chartered Accountants
ICAI Reg. 000340

DELHI
13 JAN 2020

U.P. PURVA SAINIK KALYAN NIGAM LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

| | Year ended 31.03.2019 | Year ended 31.03.2018 |
|---|--------------------------|--------------------------|
| | (Rupees) | (Rupees) |
| A. CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income (loss) | 547094944 | 490846969 |
| Adjustments to reconcile net income (loss) to | | |
| Depreciation and Amortization Expenses | 5552535 | 5651334 |
| Loss/ (Profit) on Sale of Asset | -5400 | 9231 |
| Interest Income | -120398872 | -96758067 |
| Operating Profit Before Working Capital Changes | 432243147 | 399749467 |
| Trade and Other Receivables | -176531656 | -64980698 |
| Increase (decrease) in Other current Liability and Provisions | 109856936 | 164762343 |
| Change in Short term provisions | -248427 | |
| Cash Generation From Operations | 319390782 | 499531117 |
| Net cash generated/ (Used) - Operating Activities | 319390782 | 499531117 |
| B. CASH FLOWS FROM INVESTMENT ACTIVITIES: | | |
| Increase of Fixed Assets | -10854737 | -125259016 |
| Proceeds from Sale of Equipment | 486115 | 28426 |
| Interest Income | 120398872 | 96758067 |
| Change in CWIP | 7000 | |
| Increase in long term Provisions | 182644 | |
| Increase in Long term Loans and advances | -2284277 | |
| Net cash generated/ (Used) - Investing Activities | -173578407 | -298834239 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Dividend Paid | -212700 | -212700 |
| Corporate Dividend Tax Paid | -43721 | -43300 |
| Net cash Generated/ (Used) - Financing Activities | -256421 | -256000 |
| Net Increase/ (Decrease) in Cash and Cash Equivalents | 145555954 | 200440878 |
| Add: Opening Cash and Cash Equivalents | 464084562 | 263643684 |
| Closing Cash and Cash Equivalents | 609640516 | 464084562 |

Significant Accounting Policies

Accompanying notes 1 to 34 are integral part of the financial statements

Figures in brackets represent outflows

Note '2'

For and on behalf of the Board

In terms of our report on even date



A.K. Srivastava
Accounts Officer



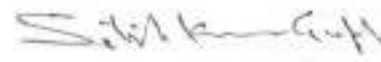
Lt. Col. S. Negi (Retd.)
Asst. General Manager



Brij-Raj (Retd.)
Director



Dheeraj Kumar
IAS
Managing Director



Satish Kumar Gupta
(ICAI Mem. No. 016746)
Partner
for and on behalf of
Gaur & Associates
Chartered Accountants
ICAI FRN: 005034C

DELHI
13 JAN 2020

1. Corporate Information

U.P. Purva Sainik Kalyan Nigam Limited is a limited company incorporated on 23.05.1989. The Company provides ex-servicemen based security and technical services to different state and central Government Departments, Public Sector Undertakings and others.

2. Significant Accounting Policies

a. Accounting Convention

The financial statements are prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on an accrual basis. Pursuant to section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of Companies (Accounts) Rules, 2014, all the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211(3C) of the Companies Act, 1956 (Companies Accounting Standards Rules, 2006, as amended) and other relevant provisions of the Companies Act, 2013.

All the assets and liabilities have been classified as current or non current as per the company's normal operating cycle and other criteria set out in schedule III to the Companies Act 2013. Based on the nature of services rendered by the Company and their realization in cash and cash equivalent, the company has ascertained its operating cycle to be 12 month for the purpose of current-non current classification of assets and liabilities.

b. Use of Estimates

The preparation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

c. System of Accounting

The company follows mercantile system of accounting and recognises income and expenditure on an accrual basis except in case of significant uncertainties.

Financial statements are prepared under historical cost convention. These costs are not adjusted to reflect the impact of changing value in the purchasing power of money.

d. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financial activities of the company are segregated based on the available information.

e. Cash and cash equivalents (for purpose of Cash Flow Statement)

Cash comprises cash in hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

f. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost comprises of purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use.

g. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investment with maturities of less than 12 Months.

h. Revenue Recognition

Revenue is recognized on completion of services to the user. The amounts where quantum of accruals can not be ascertained with reasonable certainty, are accounted on acceptance basis.

Claim of arrear bills on account of wage revision etc. are accounted for as and when claimed.

Interest and other items are accounted on accrual basis, except interest on refunds from statutory authorities and those which are not reasonable certain of realization, which are recognized on cash basis.

Interest on saving bank accounts has been accounted for as and when received/credited by banks.

Gains and losses on disposals of fixed assets, whose value have not been taken in the books of accounts, are credited/debited to revenue accounts of the relevant year.

Handwritten signatures and initials are present at the bottom of the page, including a date stamp: 05/07/20

i. Expenses

All expenditure are accounted for under natural heads of accounts, wherever necessary allocation of expenditure is done on functional basis.

All expenses are accounted on accrual basis, except as stated below:

- Interest on delayed payment of statutory dues are accounted on cash basis.
- Commission on Bank guarantees are charged in the accounts as and when charged/debited by banks.
- Benefits like incentive and bonus etc. extended to employees rendering services to clients and which are reimbursed to Company are accounted as and when determined and acknowledged by respective service receiver.
- Stationery, postage stamps, torch, coils and other consumable items are charged to profit & loss account as and when purchased.

j. Depreciation and Amortization

Effective 1st April, 2014, the Company depreciates its fixed assets over the useful life using Straight Line method, in the manner prescribed in Part C of Schedule II of the Companies Act 2013 as against earlier practice of depreciating at the rates prescribed in the Schedule XIV of the Companies Act, 1956.

The life of Software has been estimated as three years.

Depreciation on additions to assets or on sale/ disposal of assets is calculated pro-rata from the date of such addition or up to the date of such sale/disposal as the case may be.

k. Impairment

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value being higher of value-in-use and net selling price. Value-in-use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been an improvement in recoverable amount.

l. Employee Benefits

Short term employees benefits

All employees' benefits payable wholly within 12 months of rendering service are classified as short term employees benefits. Benefits such as salaries, wages and short term compensated absences etc. and the expected cost of bonus/ex-gratia are recognised in the period in which the employee renders the related services, except in case of employees rendering services to clients and reimbursed by them, which are accounted as and when determined and acknowledged by respective service receiver.

Defined Contribution Plans

Employee's Provident Fund and Family Pension :

The Company has Defined Contribution Plan for Post-employment benefits in the form of provident fund and family pension for all eligible employees, which is administered by the Regional Provident Fund Commissioner. The company has no further obligation beyond its monthly contributions.

Defined Benefit Plans

Gratuity :

The amount of gratuity payable to ex-service men employed for staffing and security services is calculated on the basis of guidelines issued by Director General Resettlement, New Delhi. This is accounted and paid on monthly basis and claimed from clients.

The amount of gratuity payable to other staffs of the Corporation is recognised as per provisions of the Payment of Gratuity Act, 1972 at per actuarial valuation by Life Insurance Corporation of India.

Compensated Absences :

Liability for unavailed compensated absences to ex-service men employed for security and technical services is determined every month and paid alongwith monthly salary. There is no liability on this account as at the Balance Sheet date.

Liability for compensated absences to regular staffs is provided on estimated basis of unavailed accumulated leave as at the Balance Sheet date at the current salary rate and is charged to Profit & Loss account.

Terminal Benefits:

Terminal benefits are recognized as expense during the year, in which services are terminated.

m. Prior Period items and extra ordinary items

Prior Period items and extra ordinary items are seperately classified, identified and dealt with as required under Accounting Standard 5 on Net profit or loss for the period. Prior period items and change in Accounting policies as notified under the Companies (Accounting Standards) Rules, 2006.

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U.P. PURVA SAINIK KALYAN NIGAM LIMITED

Notes to Financial Statements

n. Taxation

Provision for current income tax is made in accordance with local laws. Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to the consideration of prudence, on timing differences.

Deferred Tax assets and liabilities resulting from timing differences between book profits and tax profits are accounted for under the liability method and measured at substantively enacted rates of tax at the balance sheet date to the extent that there is reasonable virtual certainty that sufficient future taxable income will be available against which such deferred tax asset/ liability can be realised.

o. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

p. Provisions, Contingent Liabilities and Contingent Assets

Provision is recognized when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. No provision is recognized or disclosure for contingent liability is made when there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote. Contingent Asset is neither recognized nor disclosed in the financial statements.

Notes to accounts:-

1. SHARE CAPITAL

a. Authorized

5,00,000 (Previous year: 5,00,000) Equity Shares of Rs.100/- each

| | 31.03.2019 | 31.03.2018 |
|--|------------|------------|
| | (Rupees) | (Rupees) |

| | | |
|--|-------------|-------------|
| | 5,00,00,000 | 5,00,00,000 |
|--|-------------|-------------|

b. Issued, Subscribed And Paidup

42,540 (Previous year: 42,540) Equity Shares of Rs.100/- each fully paid-up

| | | |
|--|-----------|-----------|
| | 42,54,000 | 42,54,000 |
|--|-----------|-----------|

c. The Company has only one class of shares referred to as Equity Shares having a par value of Rs.100/- per share. Each shareholder is eligible for one vote per share held. The Dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion of their shareholding.

d. Reconciliation of the shares outstanding at the beginning and at the end of the year

| Equity Shares of Rs.100/- each | No. of Shares 31.03.2019 | No. of Shares 31.03.2018 | | |
|---------------------------------|-----------------------------|-----------------------------|-----------|-----------|
| As at the beginning of the year | 42,540 | 42,540 | 42,54,000 | 42,54,000 |
| As at the end of the year | 42,540 | 42,540 | 42,54,000 | 42,54,000 |

e. Shareholders holding more than 5% of shares in the Company

| Name of Shareholder | No. of Shares 31.03.2019 | No. of Shares 31.03.2018 | % of holding | % of holding |
|-------------------------|-----------------------------|-----------------------------|--------------|--------------|
| Governor, Uttar Pradesh | 42,540 | 42,540 | 100 | 100 |

4. RESERVES AND SURPLUS

Reserve for Corporate Social Responsibility

| | | |
|---|--------------------|--------------------|
| Balance as at the beginning of the year | 1,89,78,554 | 1,17,71,712 |
| Transfer from Profit and loss Account | | |
| - Amount required to be spent for Corporate Social Responsibility | 95,10,598 | 75,11,599 |
| - Less: Amount expended during the year | (29,79,205) | (3,07,157) |
| | <u>2,55,07,945</u> | <u>1,89,78,554</u> |

Profit & Loss Account

| | | |
|--|-----------------------|-----------------------|
| Balance as at the beginning of the year | 2,67,12,65,814 | 2,18,78,79,667 |
| Add: Profit for the year | 54,70,94,944 | 49,08,46,969 |
| Less: Reserve for Corporate Social Responsibility Expenses | (85,31,391) | (72,04,842) |
| Less: Proposed Dividend | (2,12,700) | (2,12,700) |
| Less: Tax on proposed dividend | (43,721) | (43,300) |
| | <u>3,21,13,72,545</u> | <u>2,67,12,65,814</u> |
| | <u>3,23,76,80,891</u> | <u>2,69,82,42,368</u> |

Company has made a provision of Rs. 2,12,700 as dividend @ 5% of paid up capital for the current year as per order 778/44-2-2002-10/2001 dated 11 oct. 2002 of State Government.

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U.P. PURVA SAINIK KALYAN NIGAM LIMITED

Notes to Financial Statements

| | 31.03.2019 (Rupees) | 31.03.2018 (Rupees) |
|--|------------------------|------------------------|
| 5. LONG TERM PROVISIONS | | |
| Provision for Leave Encashment | 12,19,123 | 10,36,479 |
| | <u>12,19,123</u> | <u>10,36,479</u> |
| 6. OTHER CURRENT LIABILITIES | | |
| Statutory Liabilities | 25,00,22,542 | 20,98,90,384 |
| Expenses Payables | 55,52,61,723 | 49,11,76,982 |
| Water and Sewer Tax | - | - |
| Municipal Tax | 500 | - |
| Creditors for expenses | 15,07,462 | 12,13,439 |
| Advance Rent | 14,000 | 14,000 |
| Trade /Security Deposit Received | 14,89,373 | 8,75,157 |
| Others | 18,27,739 | 10,94,460 |
| Expenditure incurred on Kaushal Vikas Mission project directly debited in respective Expenditure head instead of project cost and receipt of project considered as income and shown in Other Income during the year. | 81,41,23,308 | 70,42,66,422 |
| | <u>1,45,55,11,147</u> | <u>1,33,48,17,384</u> |
| 7. SHORT TERM PROVISIONS | | |
| Proposed Dividend | 4,25,400 | 6,38,100 |
| Corporate Dividend Tax | 94,173 | 1,29,900 |
| | <u>5,19,573</u> | <u>7,68,000</u> |
| 8. FIXED ASSETS | | |

| Particulars | Gross Block | | Depreciation | | | Net Block | |
|--------------------------------------|-------------------------------|---|-----------------------------|-------------------------------|--|-----------------------------|-----------------------------|
| | As at 31.03.2018 Rupees | Additions (Deductions) for the year Rupees | As at 31.03.19 Rupees | As at 31.03.2018 Rupees | for the year (Deductions) Rupees | As at 31.03.19 Rupees | As at 31.03.18 Rupees |
| I. Tangible Assets | | | | | | | |
| Freehold Land | 12,05,22,548 | 20,66,351 | 12,85,88,899 | - | - | 12,85,88,899 | 12,05,22,548 |
| Leasehold Land | 3,00,000 | - | 3,00,000 | - | - | 3,00,000 | 3,00,000 |
| Buildings | 19,40,10,567 | 4,23,44,571 | 22,73,55,138 | 1,92,79,913 | 32,52,643 | 2,29,32,996 | 20,48,22,562 |
| Plant & Machinery | 2,09,79,373 | 24,58,314 | 2,34,37,687 | 1,87,95,289 | 23,48,817 | 2,06,56,387 | 83,39,749 |
| | | (4,52,931) | | | (4,42,710) | | |
| Furniture & Fixtures | 63,75,876 | 23,94,629 | 87,70,505 | 52,83,269 | 2,05,672 | 54,61,966 | 32,71,337 |
| | | (28,104) | | | (28,080) | | |
| | 34,41,78,364 | 5,02,83,966 | 39,34,62,330 | 4,38,23,480 | 68,07,332 | 4,86,00,007 | 34,53,22,000 |
| | | (4,30,650) | | | (4,71,600) | | |
| Previous Year | 25,99,91,932 | 6,54,15,889 | 34,41,79,365 | 3,79,45,520 | 55,84,528 | 4,33,23,480 | 30,08,53,685 |
| | | (2,02,450) | | | (2,06,968) | | |
| II. Intangible Assets | | | | | | | |
| Software | 6,43,972 | - | 6,43,972 | 1,53,328 | 2,16,007 | 3,69,335 | 2,74,637 |
| | 6,43,972 | - | 6,43,972 | 1,53,328 | 2,16,007 | 3,69,335 | 2,74,637 |
| Previous Year | 2,47,972 | 3,96,000 | 6,43,972 | 44,753 | 1,58,579 | 1,53,328 | 4,90,644 |
| III. Capital Work-in-progress | | | | | | | |
| Buildings under construction | 3,94,43,129 | - | 3,94,43,129 | - | - | - | 7,000 |
| | | (3,94,36,126) | | | | | |
| | 3,94,43,129 | - | 3,94,43,129 | - | - | - | 7,000 |
| Previous Year | - | 3,94,43,129 | 3,94,43,129 | - | - | - | 3,94,43,129 |

- a Freehold land includes land development charges of Rs.77,47,936.
 b Cost of land includes Rs.2,34,233, being cost of gift deed and other expenditure incurred for land at Mahanagar, Lucknow, gifted to Nigam by Mr. D. H. Sharma. This was capitalized in the financial year 2000-01.
 c Registration fee paid for registry of land at Meerut has been shown as addition in Land during th year.
 d A lease hold land located at village Piparsand, Dist. Goranapur was allotted to Nigam by District Administration in the year 2005-06. Since period of lease was not mentioned in Khatauni, the cost of this lease hold land is not depreciated. The cost of lease hold land will be charged to Profit and Loss Account at the time of transfer of ownership of land to lessee.

9. NON CURRENT INVESTMENT

Investment in unquoted 200 fully paid up shares of Rs.100 each in Society
 (Bahu Uddeshiya Bhutpurva Sainik Sankar Samiti, Bana, Kanpur)
 Less: Provision for loss of investment

| | |
|----------|----------|
| 20,000 | 20,000 |
| (20,000) | (20,000) |
| - | - |

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U.P. PURVA SAINIK KALYAN NIGAM LIMITED

Notes to Financial Statements

| | 31.03.2019 (Rupees) | 31.03.2018 (Rupees) |
|---|------------------------|------------------------|
| 10. LONG TERM LOANS & ADVANCES | | |
| Unsecured, considered good | | |
| Advances for Capital items | 45,23,905 | - |
| Security Deposits | 3,04,93,010 | 3,22,84,020 |
| Earnest Money | 92,12,579 | 1,08,00,897 |
| Penalty recoverable | 11,96,221 | 84,645 |
| Loans and advances | 1,26,824 | 1,20,900 |
| Unsecured, considered doubtful | | |
| Insurance claims receivables | 6,32,638 | 6,32,638 |
| Penalty recoverable | 9,72,332 | 9,72,332 |
| Loans and advances | 4,83,445 | 4,83,445 |
| Less: Provision for Doubtful Loans and Advances | (20,88,415) | (20,88,415) |
| | <u>4,58,54,539</u> | <u>4,32,76,262</u> |
| 11. OTHER NON-CURRENT ASSETS | | |
| Silver Trophy at cost | 2,63,250 | 2,63,250 |
| | <u>2,63,250</u> | <u>2,63,250</u> |
| 12. TRADE RECEIVABLES | | |
| Outstanding for a period exceeding 6 months from the date they were due for payment (Unsecured) | | |
| Considered good | 21,63,02,841 | 8,52,22,549 |
| Considered doubtful | 11,00,74,045 | 11,00,06,875 |
| Less: Provision for Doubtful Debts | (11,00,74,045) | (11,00,06,875) |
| | <u>21,63,02,841</u> | <u>8,52,22,549</u> |
| Other trade receivables (Unsecured) | | |
| Considered good | 1,03,00,35,494 | 98,41,88,129 |
| | <u>1,03,00,35,494</u> | <u>98,41,88,129</u> |
| | <u>1,24,59,42,335</u> | <u>1,86,94,10,678</u> |
| The debtors amounting to Rs. 88237.12) have been written off during the year. | | |
| 13. CASH AND CASH EQUIVALENTS | | |
| Cash in Hand | 1,65,361 | 1,38,192 |
| Balances with Banks | | |
| in Current/ savings Accounts | 60,94,75,155 | 46,20,46,370 |
| in Fixed Deposit accounts | | |
| - Maturing within 12 months | 1,61,49,96,486 | 1,31,03,96,013 |
| - Others | 1,54,95,141 | 3,85,81,588 |
| | <u>2,24,01,32,143</u> | <u>1,81,30,62,163</u> |
| Fixed Deposits include deposits worth Rs. 4,61,13,494 (previous year: Rs. 4,35,31,617) held by bankers as security against guarantees and deposits worth Rs. 17,74,812 (previous year: Rs. 19,02,916) pledged with other organizations as security against performance. | | |
| 14. SHORT TERM LOAN AND ADVANCES | | |
| - Unsecured, considered good | | |
| Advance to Employees | 63,30,401 | 94,19,855 |
| Prepaid expenses | 1,15,38,578 | 71,44,904 |
| Balance with Government Authorities | 10,55,72,222 | 6,58,57,727 |
| Others Advances | 98,25,621 | 24,24,446 |
| | <u>12,72,76,822</u> | <u>8,58,46,732</u> |
| 15. OTHER CURRENT ASSETS | | |
| Uniform items in Hand | 22,60,266 | 45,49,936 |
| Accrued Interest on Fixed Deposits | 5,01,70,185 | 4,33,74,588 |
| | <u>5,24,30,452</u> | <u>4,79,24,524</u> |

The uniform items are issued to operational staff on cost basis and balance of such items at the end of financial year is reflected as Uniform in hand.

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U.P. PURVA SAINIK KALYAN NIGAM LIMITED

Notes to Financial Statements

16. REVENUE FROM OPERATION

Income from manpower supply services
 - Security services
 - Technical services
 Income from other services

| 2015-16 (Rupees) | 2014-15 (Rupees) |
|-----------------------|-----------------------|
| 3,10,44,13,719 | 2,78,21,35,870 |
| 1,35,10,80,605 | 1,11,91,97,861 |
| 11,15,030 | 7,99,922 |
| 4,45,66,09,954 | 3,90,20,93,652 |

Revenue from security services includes escort services of Rs.1,87,08,121 (previous year: Rs.98,30,304)

17. OTHER INCOME

Interest from Banks
 Interest from Others
 Interest on Income Tax Refund
 Profit on sale of Fixed Assets
 Liabilities/ provisions no longer required written back
 Rent
 Other Non-operating Income

| | |
|---------------------|---------------------|
| 12,03,98,608 | 9,67,55,813 |
| 204 | 2,254 |
| - | 90,68,400 |
| 7,311 | 2,904 |
| 71,30,083 | 45,61,113 |
| 24,03,059 | 26,49,156 |
| 8,31,549 | 21,026 |
| 13,07,70,874 | 11,40,69,258 |

18. EMPLOYEE BENEFIT EXPENSES

Operational Staff

Salary
 Bonus
 Gratuity
 Group Insurance/ Workmen Compensation
 Ex-Gratia
 Labour Welfare Fund (Refer note 'a' below)
 Incentives
 Training Expenses
 Staff Welfare

| | |
|-----------------------|-----------------------|
| 3,60,95,00,741 | 3,16,55,72,630 |
| 16,23,94,396 | 13,43,05,851 |
| 7,62,11,959 | 7,00,44,638 |
| 1,01,35,361 | 98,32,248 |
| 32,00,000 | 27,00,000 |
| 57,57,529 | 50,84,127 |
| 24,000 | 82,500 |
| 60,913 | 1,41,468 |
| 1,50,15,306 | 6,85,393 |
| 3,88,43,00,196 | 3,38,64,28,891 |

Administrative Staff

Salary
 Gratuity paid/ Contribution to Gratuity Trust (Refer note 'b' below)
 Group Insurance/ Workmen Compensation
 Employers Contribution towards EPF (Refer note 'c' below)
 Staff Welfare
 Remuneration to Directors

| | |
|-----------------------|-----------------------|
| 8,27,98,950 | 7,33,25,625 |
| 1,33,23,531 | 8,44,282 |
| - | 85,750 |
| 44,60,721 | 40,38,904 |
| 8,57,346 | 5,72,332 |
| 11,76,471 | 18,61,420 |
| 10,26,27,059 | 8,07,28,319 |
| 3,98,69,27,255 | 3,46,91,57,174 |

- a. As per agreement executed between Nigam and Banaras Hindu University, Varanasi, amount equivalent to 3% of service charge is paid to Chief Proctor, Banaras Hindu University, Varanasi for creating a welfare fund for welfare of security personnel deployed in the university.
- b. The Corporation has paid a sum of Rs.1,33,23,531 (previous year: Rs.8,44,282) to Life Insurance Corporation towards contribution to U.P. Purva Sainik Kalyan Nigam Employees Gratuity Trust.
- c. Employee Benefit Expenses of Operational Staff does not include Employer's contribution towards Provident Fund, which is earned from clients, to whom their services were provided. The amount so recovered is accounted separately and paid to Government authorities.

19. DEPRECIATION AND AMORTIZATION EXPENSES

Depreciation on tangible assets
 Depreciation on intangible assets

| | |
|------------------|------------------|
| 58,07,332 | 55,84,928 |
| 2,14,838 | 1,08,575 |
| 60,22,170 | 56,93,503 |

20. OTHER EXPENSES

Operational Expenses

Hiring Charges of Vehicle
 Damages, Penalty and Compensations
 Security Maintenance
 Uniform
 Labour License Fees

| | |
|--------------------|--------------------|
| 1,19,60,100 | 1,03,69,302 |
| 2,47,399 | 8,73,352 |
| 1,96,449 | 1,72,425 |
| - | 7,07,346 |
| 5,652 | 10,568 |
| 1,24,09,550 | 1,21,33,913 |

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U.P. PURVA SAINIK KALYAN NIGAM LIMITED

Notes to Financial Statements

| | 2018-19 (Rupees) | 2017-18 (Rupees) |
|--|---------------------|---------------------|
| Administrative Expenses | | |
| Advertisement | 4,26,800 | 4,47,543 |
| Bank Charges | 2,96,814 | 4,02,794 |
| Electricity Charges | 28,03,421 | 25,27,554 |
| Rent | 25,17,930 | 22,46,471 |
| Insurance (vehicle & Office) | 82,079 | 68,041 |
| Professional Fees | 25,65,339 | 45,96,786 |
| Vehicle Running & Maintenance | 53,84,621 | 10,74,394 |
| Travelling and Conveyance | 26,77,726 | 28,14,269 |
| Telephone Expenses | 6,58,659 | 8,14,886 |
| TELEPHONE EXPENSES TO MO | 9,125 | - |
| Legal Expenses | 4,66,769 | 4,01,930 |
| Office Maintenance | 29,78,303 | 22,11,713 |
| Printing and Stationery | 13,24,455 | 12,32,214 |
| Postage and Courier | 5,62,161 | 5,90,426 |
| Repairs and Maintenance | 2,49,172 | 61,019 |
| Entertainment | 1,66,758 | 2,34,537 |
| Business Promotion | 5,41,229 | 5,65,895 |
| Computer Maintenance | 8,65,985 | 7,68,932 |
| Generator Running and Maintenance | 2,38,659 | 2,41,107 |
| Rent, Rates and Taxes | 9,79,637 | 6,35,127 |
| Hiring Charges of Vehicle | 2,53,566 | 1,91,424 |
| Miscellaneous Expenses | 4,81,630 | 4,22,629 |
| Ex-servicemen welfare | 66,607 | 1,38,917 |
| Bad and Doubtful Debts & Advances | 72,63,502 | 1,01,27,626 |
| Statutory Dues | 24,051 | 8,98,066 |
| Auditors Remuneration <small>(Refer note 'A' below)</small> | 1,51,800 | 1,50,800 |
| Assistance to Ex-servicemen and Wards | 2,29,672 | 7,65,000 |
| Loss on sale of Fixed Assets | 1,851 | 9,231 |
| Prior Period Adjustments (net) <small>(Refer note 'A' below)</small> | 18,00,635 | 36,47,263 |
| Corporate Social Responsibility Expenses | 29,79,205 | 3,07,157 |
| | <u>3,49,27,110</u> | <u>3,83,32,261</u> |
| | <u>4,73,36,680</u> | <u>5,04,65,274</u> |
| a. Auditors' Remuneration is comprises of | | |
| Statutory Audit Fee | 1,30,000 | 1,30,000 |
| Tax Audit Fee | 20,000 | 20,000 |
| Reimbursement of expenses | 11,800 | 10,800 |
| | <u>1,61,800</u> | <u>1,60,800</u> |
| b. Prior Periods adjustments includes | | |
| Prior period income | 5,49,988 | 9,24,527 |
| Prior period expenses | 23,50,623 | 45,72,210 |
| | <u>(18,00,635)</u> | <u>(36,47,283)</u> |
| 21. Earning per Share (EPS) | | |
| Profit/ (Loss) for the period after taxation | 54,70,94,944 | 49,03,46,909 |
| Weighted average number of Basic Equity Shares outstanding | 42,540 | 42,540 |
| Face value of per share (₹) | 100 | 100 |
| Basic and Diluted earning per share | 12,861 | 11,538 |
| 22. Contingent liabilities | | |
| Under contractual obligations for satisfactory performance of services | | |
| a. Guarantee issued by Banks in favour of clients | 4,61,13,894 | 4,35,31,617 |
| b. FDR Pledged with the client as security deposit | 17,74,012 | 19,02,916 |
| c. Security deposit deducted by clients | 2,84,92,592 | 3,03,29,297 |
| d. Claims raised by ex-employees towards dues of salary, bonus and gratuity and awarded against the Company by labour/other courts. The Company has preferred appeals against these orders and has not acknowledged the amount of awards as liability. | 11,34,920 | 11,80,866 |

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U.P. PURVA SAINIK KALYAN NIGAM LIMITED

Notes to Financial Statements

| | 2018-19 (Rupee) | 2017-18 (Rupee) |
|--|---------------------|--------------------|
| 23. Litigations: | | |
| Claims against the Company not acknowledged as debt | | |
| There are some pending litigation or disputes with clients and other stake holder. The claims are generally against the client (principal employer) and the Company is third party. In the opinion of management, there is no financial impact and such liabilities on this account if any, are not ascertainable. | Nil | Nil |
| Impact of pending litigations on financial position in financial statements | Nil | Nil |
| 24. Provision for Income Tax: | | |
| Since the company is availing exemption under section 10(26BBB) of the Income Tax Act, 1961, from Assessment Year 2004-05, no provision of income tax has been made. Accordingly, AS-22' Accounting for Taxes on Income is not applicable. | | |
| 25. As per Service Tax rule (Point of Taxation) before April 2011 Service Tax was to be deposited at the time of receipt of dues, accordingly Service Tax liability (prior of April 2011) for unrealised bills was created in F.Y 2013-14 for Rs. 32092241.00. As the company has received the payment, this liability has reduced. During the F.Y. 2018-19 amount of unrealised Service Tax is Rs. 29201007-shown in Note No. 06 in Statutory Liabilities head. | | |
| 26. Segment Reporting : | | |
| The Company is principally engaged in the business of rendering manpower supply services, which come under a single business segment. The Company is also not rendering any services outside India, hence geographical segment is also not applicable. Hence disclosure of segment wise reporting as per Accounting Standard "17" is not applicable. | | |
| 27. Related Party Disclosures : | | |
| As per Accounting Standard 18 "Related Party Disclosure", no disclosure is required in the financial statement of state-controlled enterprises as regard to related party relationship with other state controlled enterprises and transactions with such enterprises. Details pertaining to other parties are as under. | | |
| A. Details of Related Parties: | | |
| 1. Key Management Personnel (KMP) | | |
| Name | Relationship | |
| Sh. Chandra Kumar (IAS) | Managing Director | |
| Maj. Gen. Sanjaya Saran (Retd.) | Managing Director | |
| Brig. Amulya Mohan (Retd.) | Director | |
| Brig. S. N. Tiwari | Director | |
| Col. Aniruddh wale | Director | |
| Mr. Pramod Kumar | Director | |
| Mr. Chandra Shekhar Banaudha | Director | |
| Besides above, Principal Secretary, Social Welfare, Principal Secretary, Finance and Principal Secretary, U.P. Government and Director General Resettlement, Central Command are also designated members of Board of Directors of the Company. | | |
| B. Transactions with the Related Parties | | |
| Remuneration paid | | |
| Maj. Gen. Sanjaya Saran (Retd.) | 11,76,471 | 18,81,420 |
| Entertainment allowance paid | | |
| Maj. Gen. Sanjaya Saran (Retd.) | 27,667 | 60,000 |
| Travelling and conveyance Expenses | | |
| Maj. Gen. Sanjaya Saran (Retd.) | 16,312 | 55,889 |
| Telephone Expenses | | |
| Maj. Gen. Sanjaya Saran (Retd.) | 8,128 | 21,084 |
| 28. Disclosures in Accordance with Revised Accounting Standard 15 on "Employee benefits" | | |
| Defined Contribution Plan | | |
| The contribution to Employees Provident Fund and Employee's Pension Scheme, 1995 pertaining to Administrative staff are deposited with respective authorities and charged to revenue. | | |
| Employer's Contribution to Provident Fund | 12,64,237 | 12,35,221 |
| Employer's Contribution to Employees' Pension Scheme, 1995 | 30,96,444 | 26,03,373 |
| Employer's Contribution to Employees' State Insurance Scheme | Nil | Nil |
| The above figures do not include contributions paid in respect of field force. Please refer note '18c'. | | |


 The bottom of the page contains several handwritten signatures and dates. From left to right: a signature, the initials 'SFF', a signature with the date '07/01/20', another signature, and a final signature.

29. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues (Previous year: Rs. Nil), which are outstanding for more than 45 days as at 31st March, 2019. This information, as required to be disclosed under the Micro, Small and Medium Enterprises Development Act 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied by the Auditors.

30. Impairment Loss

The assets of the company include assets such as the building, EOP equipment's, furniture fixture, electronic equipment etc. and characteristics of these assets are such that they do not generate separate cash inflows independently, hence recoverable amount of an individual assets can not determined unless management decides to dispose off the assets.

There was no impairment loss on Fixed Assets on the basis of review carried out by the management in accordance with Accounting Standard '28' as at 31st March, 2019.

31. Corporate Social Responsibility

The Company has formed a Corporate Social Responsibility Committee and also formed a CSR Policy in accordance with Schedule 'VII' of the Companies Act, 2013. In compliance of CSR scheme decided by the CSR committee, the Company is in process of identifying the areas and schemes for implementation.

| | | |
|--|-------------|-------------|
| - Gross amount required to be spent by the Company during the year on CSR Activities | 95,10,596 | ₹5,11,999 |
| - Cumulative amount required to be spent by the Company on CSR Activities | 2,84,67,150 | 1,92,53,711 |
| - Amount spent during the year on CSR Activities | 29,79,255 | 3,07,157 |

32. Though not confirmed by respective parties and hence not reconciled, the balance in debtors, creditors, loans and advances, security deposit accounts are in the opinion of the management are true and correct and realizable/ payable as the case may be to the extent shown in the ordinary course of business. Minor adjustments, if any, which may be necessitated, shall be made as and when confirmations are received.

33. Figures have been rounded off to the nearest rupee, this may have given rise to minor discrepancies between total and the constituent figures, which may be ignored.

34. The Company has regrouped and reclassified the figures of previous year to make comparable with figures in the current year.

For and on behalf of the Board



A. K. Choudhary
Accounts Officer



Lt. Col. S. Negi (Retd.)
Asst. General Manager



Rajendra Prasad
Director



Dharam Kumar
MS
Managing Director

In terms of our report on even date



Satish Kumar Gupta
(CA Mem. No. 11074)
Partner
for and on behalf of
Gaur & Associates
Chartered Accountants
ICAI Reg. 00104C

DELHI

13 JAN 2020